



## Electricity Trading on Spot and Futures Markets

How does trading work and how do prices arise?

### Introduction

On the spot market, controllable generation plants and consumers can optimise their sales revenues. With the increase in generation volumes from fluctuation renewable energy systems, trading volumes and the importance of the European short-term markets have been rising for years. At the same time, the rules and framework conditions keep changing. The futures market, on the other hand, is essential as a hedging instrument against fluctuating electricity prices on the spot market for many players in the energy industry. Solid knowledge of the concrete functioning of the common products (futures, forwards, options) and the various trading options is important in order to act successfully. This training provides basic knowledge about price mechanisms and influencing factors of the spot and futures markets and their interaction.

### Target group

- ▶ Professionals from trading, electricity marketing or balancing group management of conventional or RE plants
- ▶ Professionals from product development or business development of utilities, direct marketers and (virtual) electricity producers
- ▶ Professionals in portfolio, risk, schedule and load management and analysis

### Your benefit

- After this training, you will be able to
- ▶ explain interrelationships and price influences on the spot market,
  - ▶ recognise the opportunities and risks on futures markets,
  - ▶ calculate important key figures with the help of practical examples, and
  - ▶ evaluate the potential of the different markets.





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## Your content

### Session 1: Brief introduction to market powers

- ▶ Overview of power markets: characteristics, motivation and participants
- ▶ Roles and tasks in the liberalised electricity market
- ▶ Control energy, balancing energy and their importance for balancing groups

### Session 2: Short-term trading at EPEX Spot

- ▶ The day-ahead auction as reference market
- ▶ Price formation in the auction: marginal cost-based bids, visualized with the Merit-Order
- ▶ Price formation in continuous trading (incl. exercise)
- ▶ Price development along the weather forecast

### Session 3: Potentials at the spot market

- ▶ Market liquidity: volume in intraday trade
- ▶ Specialties of 15-min. contracts - potential for short-term storage facilities?
- ▶ EU Market Coupling: Single Day-Ahead Coupling and Cross-Border Intraday Coupling

### Session 4: The futures market for electricity trading

- ▶ Trading motivation: hedging, arbitrage and speculation
- ▶ Futures trading products: forwards, futures, options
- ▶ Opportunities and risks of the forward market products
- ▶ Latest price developments

### Session 5: Trading strategies and procurement

- ▶ Customer segments: small customer vs. industry (SLP vs. RLM)
- ▶ Electricity procurement: full supply vs. structured procurement
- ▶ Procurement strategies: back-to-back, tranches, portfolio

### Session 6: Outlook and market analysis

- ▶ Market developments in key commodity markets: emissions, natural gas, coal
- ▶ Insight into Energy Brainpool's modelling of power price scenarios
- ▶ Introduction to the risk assessment with fundamental scenario swarms

## Our tip

Your team has already gained some experience in the electricity industry. In the future, your company wants to play a stronger role in the area of trading, analysis or aggregation of conventional or RE plants.

Your boss is annoyed by high balancing energy costs, wants to launch a business model for short-term electricity trading or optimise your activities on the short-term electricity markets. Now your team needs information on how the futures market can be used for long-term hedging.

Your staff wants to know which options are available, which market segments are attractive or which access requirements have to be fulfilled. They also need background information on price developments and future trends on the spot and futures markets.



# Trainings for the Energy Sector

We quantify the energy transition

## Training formats

### Energy BrainSessions

- ▶ live online trainings
- ▶ suitable for beginners to experts
- ▶ 2 to 3 mornings depending on the course

### Energy BrainDays

- ▶ in-person training
- ▶ for every knowledge level
- ▶ 1 to 2 days depending on the course

### In-house training

- ▶ comprehensive basic and advanced seminars
- ▶ for the energy sector
- ▶ customised according to your needs
- ▶ online or in-person

### Simulation games

- ▶ realistic trading simulations for
- ▶ electricity trading on spot or futures markets
- ▶ online or board game version

## Training formats legend

Basic knowledge	active	online		in-person	
Basic knowledge	passive	online		in-person	
Special knowledge	active	online		in-person	
Special knowledge	passive	online		in-person	
Expert knowledge	active	online		in-person	
Expert knowledge	passiv	online		in-person	

## About us

As independent energy market experts, we focus on the databased, practice-oriented transfer of knowledge on power and energy trading in Europe. From analysis, forecasting and modelling of energy markets and prices, as well as studies and individual consulting services, to training courses, we are here to support you.

How can we support you? Feel free to contact us.

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